

## Person–Organisation Fit as an Amplifier of Tacit Knowledge

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### Abstract

Many researchers have argued that a source of sustainable competitive advantage lies in the tacit knowledge of firms. According to this view, many of the things that cause organizations to do well are difficult to express or communicate and as such difficult to transfer throughout the firm. They are context specific, rare and difficult to imitate or substitute. Hence, much attention has focused on the role of tacit knowledge in the organizational knowledge creation process and the transfer of tacit knowledge through an organization. It is known that shared communication and socialization are important processes in the transfer of tacit knowledge. Being based on an alignment of values, goals and personalities, person–organisation (PO) is known to be associated with levels of citizenship behaviour (OCBs), commitment, and tenure. Further, we argue that fit is likely to shape the transfer of tacit knowledge with higher levels of one resulting in higher levels of the other. We explore the interaction of tacit knowledge and person–organisation (PO) fit and develop a model that suggests a complex interaction between the two factors.

### Paper

Nonaka (1991) and Nonaka and Takeuchi (1995) brought knowledge to the fore knowledge by explaining that the success behind many Japanese organizations was due to their expertise in organizational knowledge creation, i.e. in their capacity to create new organizational knowledge, disseminate it throughout the organization, and embody it in products, services and systems (Wasonga and Murphy, 2006). Thus they argue that knowledge, and tacit knowledge in particular, is a source of competitive advantage. This argument is shared by proponents of the resource-based view of the firm and its associated strand the knowledge view of the firm (Barney, 1991; Grant 1996).

Knowledge and knowledge management, the processes of creating and exploiting knowledge, have received a good deal of attention in the academic and business literature (Newell et al. 2002). It is well known how codifiable knowledge can be stored (e.g. using databases) and used as required, but despite its key role in organization performance, little is understood about how to transfer tacit knowledge throughout organizations.

It is known that while tacit knowledge is difficult to communicate, it can be acquired through personal relationships and over time (Badaracco, 1991) through apprentice-like relationships or through socialisation (Nonaka and Takeuchi, 1995). This is knowledge that is absorbed unconsciously during employees' interaction with others in the organisational environment. Typical examples would be the tone of voice used with suppliers or the ways that employees 'break the rules' to give good customer service. Organisations may know that such behaviours are crucial to performance, but that are difficult to describe and almost impossible to consciously develop in others.

In this paper, we argue that organisations exhibiting high levels of person–organisation (PO) fit are environments where tacit knowledge is likely to be transferred more quickly and effectively than environments exhibiting low levels of fit. This is based on the notion that one component of PO fit is value congruence. Where this is high, we would expect people to have easier communication, a shared mission and a common interpretation of organisational priorities. It is on this basis that we argue that higher levels of PO fit may lead to competitive advantage although, as we note later, the picture is more complex.

The paper is structured as follows. We briefly review the SECI model and define tacit knowledge in the first section. The second section is dedicated to PO fit. This review is necessary as although there have been attempts to find a common conceptualization of PO fit (Kristof, 1996), Rynes and Gerhart's (1990) view that PO fit is an 'elusive' construct still holds true (Kristof-Brown, 2000; Billsberry et al. 2005). Based on these two sets of reviews we then proceed by arguing that PO fit is critical to the SECI model and in particular to the first two patterns of knowledge creation i.e. socialization and externalization and hence that it should be of high concerns to managers and strategists.

### **Tacit knowledge and the SECI model**

As mentioned in the introduction tacit knowledge is concerned with knowledge in organisations that is known to exist, but which is difficult to codify, i.e. write down and explain. The classic example in the literature is the ability to ride a bicycle. We know how to do it, but trying to explain to someone is practically impossible. Tacit knowledge is closely allied, but different, to two other key terms in knowledge transfer. 'Causal ambiguity' is 'I know it's important, but I don't know why', whereas 'ignorance' refers to unknown contributors to competitive advantage. Both of these forms of knowledge (or lack of it) are more obscure than tacit knowledge. In this paper we are focusing on tacit knowledge and, in particular, on how it is created and transferred.

Nonaka and Takeuchi's (1995) organizational knowledge creation model (SECI) is based on the interactions between tacit and explicit knowledge and it is argued that tacit knowledge can be transformed into the explicit knowledge and vice-versa. These transformations form the core of the knowledge creation process (McGee and Thomas, 2007). The SECI model has four distinct but interrelated stages.

- *Socialization* is the transfer of the tacit knowledge of one person to another. It is the sharing of tacit knowledge through shared experiences. This knowledge transfer relies on direct interaction between people. For example, a new call centre employee might pick up how to relate to customers by sitting next to and listening to an experienced person do the job. This sharing is most likely to happen between people who have shared mental models and similar culture.
- *Externalization* is the conversion of tacit into explicit knowledge through its articulation and systematization within the organization. The transfer of tacit knowledge can be triggered via dialogue or collective reflection, and

specifically if the dialogue involves the use of storytelling and metaphors (Ambrosini and Bowman, 2001; Wasonga and Murphy, 2006).

- *Combination* involves the conversion of explicit knowledge held by individuals and groups into explicit knowledge accessible to the organization and the combination of various pieces of explicit knowledge into new explicit knowledge. This is the process where many knowledge management tools, information systems are used. Often this involves databases, emails, expert systems, meetings and the like. Combination is the key role of information systems within the firm.
- *Internalization* is about converting explicit knowledge into tacit knowledge. Individuals here internalize the knowledge; they develop know-how via learning by doing. Another way of looking at this to consider it analogous to the end of the learning cycle where conscious competence becomes unconscious competence. A good example is learning how to drive. At some point the learner begins to operate on 'autopilot' and no longer has to think about depressing the clutch or looking in the mirrors; it happens automatically.

Before going any further, it might be worth developing the definition of explicit and tacit knowledge. Explicit (or objective) knowledge can easily be communicated (Winter, 1987). This means that it can be "written down, encoded, explained, or understood" (Sobol and Lei, 1994, p. 170) and "such knowledge is not specific or idiosyncratic to the firm or person possessing it" (Sobol and Lei, 1994, p. 170). Defining explicit knowledge is a way of highlighting what tacit knowledge is *not*. In what follows we concentrate on the characteristics of tacit knowledge.

As explained earlier, tacit knowledge is difficult to express. Polanyi suggests that "we can know more than we can tell" (1966, p. 4). Tacit knowledge is also context-specific and it is rooted in action. It is similar to know-how (Nonaka, 1991). It is for these reasons that knowledge management tools or systems that are not sophisticated enough to capture highly contextualized knowledge have been of little use to many firms. The characteristics described above explain why tacit knowledge can be argued to be a source of sustainable competitive advantage by the proponents of the resource-based view: it is unique, imperfectly mobile, imperfectly imitable and non-substitutable. Tacit knowledge is taken for granted and it is difficult to imitate or copy (Sobol and Lei, 1994). Tacit knowledge cannot quickly migrate, i.e. it cannot be transported to other firms, because the knowledge depends upon specific relationships (between colleagues, customers, systems etc.) and because "unlike knowledge of a computer code or a chemical formula, it cannot be clearly and completely communicated to someone else through words or other symbols" (Badaracco, 1991, p. 82). Tacitness also generates ambiguity because managers may be unaware the role of tacit knowledge as a source of competitive advantage. In other words, the relation between actions and results is causally ambiguous (Lippman and Rumelt, 1982).

Tacit knowledge, though, is not always an asset to organisations. Some things might be tacit and helpful, whilst other things might be tacit and unhelpful. Returning to the call centre worker example, a new employee could just as easily pick up subtly bad behaviour as subtly good behaviour. Negative tacit knowledge is, of course, quite insidious because its nature and effects are difficult to describe or explain.

## **PO fit**

PO fit is just as elusive as tacit knowledge. Indeed, many commentators have referred to its elusiveness (e.g. Judge & Ferris, 1992; Kristof-Brown, Zimmerman & Johnson, 2005). There have been many attempts to define it—the most highly-cited being Kristof's (1996) integrative definition—but the breadth of the field has defied elegant capture. In this paper, we take one specific approach; namely, we refer to fit as a psychological construct. This is the sense of fit that is sometimes referred to as subjective or perceived fit (Kristof, 1996).

Little is known about how subjective fit manifests itself within organisations. Some (e.g. Schneider, 1987) argue that fit results in a homogenisation of the workforce resulting in less creativity. Others (e.g. Chatman, 1991) talk about fit facilitating relationships between people. In this paper, we draw upon three narrative studies of fit (Billsberry, 2007; Billsberry et al, 2005; Talbot & Billsberry, 2007) to characterise fit in organisations. These studies suggest that when there is a good fit between people, there is an associated level of comfort and informality that makes communication easier. Such people are better at reading each others' interpersonal behaviour. In addition, there appears to be more contact between people; misfits, on the other hand, appear to shy away from contact and distance themselves from people they do not fit with.

## **PO fit and the SECI model**

As explained earlier, three stages of the SECI spiral involve tacit knowledge (i.e. all except combination); this is knowledge that is difficult to transfer because it cannot be easily codified. Tacit knowledge is picked up by 'osmosis' (Spender, 1996). It develops over time (Leonard-Barton, 1992), is acquired through experience and where used (Ravetz, 1971). For these reasons, it can be understood why Pavitt (1991) suggested that the most effective way of learning tacit knowledge was through personal contact and discussions. Pursuing the same track, Sobol and Lei (1994) declared that "learning tacit knowledge and routines requires continuous day-to-day contact with the person, team or organization possessing such knowledge through an apprentice-like relationship where the routines are directly observed and practiced" (1994:171).

Bringing these characteristics of tacit knowledge together with the experience of PO fit clearly suggests that where there are high levels of PO fit, tacit knowledge is more likely to be transferred more easily. The improved communications and closer relationships in high fit environments are exactly the conditions that commentators have argued facilitates the transfer of tacit knowledge. Specifically, high levels of fit improve the transfer of tacit knowledge during the socialization (S) and externalization (E) phases of the SECI model.

It has been argued that employees' sharing of different values is a barrier to knowledge transfer (Lam, 1997). Tacit knowledge is argued to arise from social interactions and collaboration of individuals within a shared social, organizational, and cultural context (Nonaka and Takeuchi, 1995). It means that knowledge creation and the transfer of tacit knowledge in the Socialization and Externalization stages

depends on the interaction, shared communication and understanding and social relations in the organization. Organizations cannot create knowledge without the initiative of the individual and the interaction that takes place within the group (Bhalla and Lampel, 2007). For this to happen, socialization is needed. Socialization requires that individuals empathise enough to accept each others' beliefs (Nonaka and Konno, 1998).

The aim of corporate socialization is to establish a shared set of values and beliefs (Nohria and Ghoshal, 1994). It facilitates the development of interpersonal networks (Van Maanen and Schein, 1979), which will aid the diffusion and creation of new knowledge across units within a corporation (Tsai and Ghoshal, 1998). In short socialization is key in the creation of both social networks and communities of practice, which research on tacit knowledge has shown to facilitate knowledge sharing (Brown and Duguid, 1991; Hansen, 1999)

This analysis leads to the following propositions:

*P1 Working environments exhibiting high levels of fit are ones which readily facilitate the transfer of tacit knowledge.*

*P2 Working environments exhibiting low levels of fit are ones which resist the transfer of tacit knowledge.*

### A New Model

The influence of levels of fit on the transfer of tacit knowledge can be modelled. As already discussed, working environments can be divided into ones with either high or low levels of fit. Tacit knowledge can either be beneficial or detrimental. This allows the development of a two-by-two grid modelling the relationship (see Figure 1).

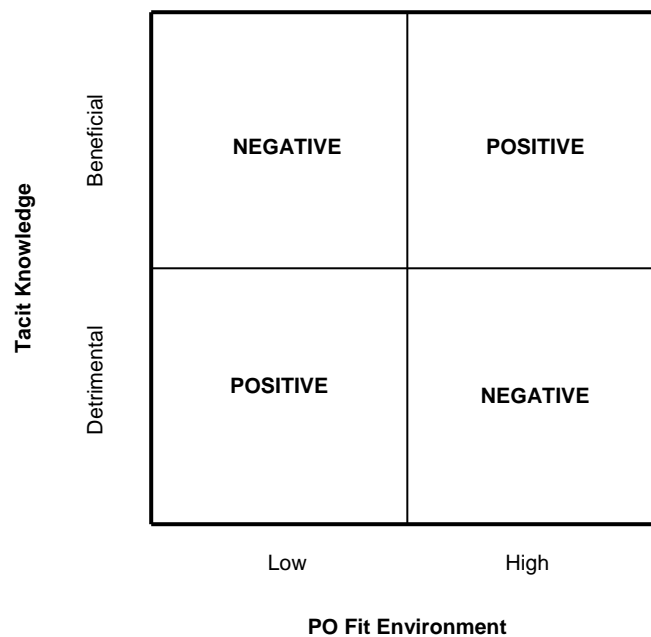


Figure 1 The interaction between PO fit environment and the transfer of tacit knowledge

This model is interesting because it illustrates that high levels of PO fit can be positive or negative to competitive advantage depending on the nature of organisations' tacit knowledge. They are advantageous when the tacit knowledge is beneficial as it assists the transfer around the organisation, but disadvantageous when the tacit knowledge is detrimental as it helps spread poor practice.

Low levels of PO fit are helpful when organisations' tacit knowledge is detrimental because it acts as an inhibitor on the spread of that unhelpful knowledge. But low levels of PO fit are unhelpful when organisations have beneficial tacit knowledge as it inhibits the transfer of that knowledge.

## Conclusion

In the above we have explained that tacit knowledge is critical to the generation and sustainability of competitive advantage and hence that it is crucial for organization to find organizational mechanisms that enhance knowledge flows. We have argued that high levels of PO fit can be one of these valuable mechanisms; but it can have a detrimental impact depending on the nature of the tacit knowledge that the organisation possesses.

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